



Rule Up For Final Action

Proposed Amendment to

WAC 230-04-124

Licensing of manufacturer, distributor, gambling service supplier and linked bingo prize provider representatives – Exceptions.

ITEM 11 (a) on the September 12, 2003, Commission Meeting Agenda.

Statutory Authority 9.46.070

Who proposed the rule change?

Dwight Bailey, Spokane Pull-Tab and Bingo Supply.

Why is this rule change needed?

At the June meeting, the Commission filed a Petition for Rule Change submitted by Dwight Bailey, Spokane Pull-Tab and Bingo Supply. Mr. Bailey represents a licensed gambling distributor that sells pull-tab games and merchandise prizes to operators. Mr. Bailey is requesting the licensure of persons that solicit pull-tab operators to purchase merchandise to be used as a pull-tab prize.

Currently, persons that sell *only* merchandise to pull-tab operators are not licensed by the Commission. However, persons which sell merchandise *along with pull-tab games*, must have a gambling distributor license. Pull-tab operators can purchase merchandise on their own at any store, such as Costco, and offer it as a pull-tab prize. Mr. Bailey is requesting that persons soliciting merchandise to be used as a pull-tab prize be licensed by the Commission. He does not want to limit operators from buying merchandise prizes from a store, such as Costco. As a licensee, Mr. Bailey follows anti-discriminatory pricing and credit rules and feels persons selling merchandise with the intent of being used as a pull-tab prize should follow the same rules.

Amended #1: After the June meeting, staff contacted Mr. Bailey to address concerns that his proposed language did not accomplish his intention. Mr. Bailey submitted amended language which was presented at the June meeting.

After the August Commission Meeting:

Amended #2: (tan color paper) After the August meeting, staff again contacted the Petitioner with concerns that the proposed language was confusing and may not accomplish his intentions. Staff has worked with the petitioner and the petitioner feels this version better accomplishes his intent.

The licensure of these individuals is a business and marketing issue, not a regulatory issue. We have had few problems associated with merchandise prizes and they account for a very small part of the pull-tab prize market. Merchandise prizes totaled less than 1% of pull-tab prizes given away in 2002 (Over 34 million in cash prizes were given away, while 3 million in merchandise prizes were given away).

Attachments:

Letter from Mark Sivanish, Spokane Pull-Tab and Bingo, dated August 15, 2003

Letter from Mr. Panagiotu dated June 6, 2003, supporting the Petition and staff's response.

Letters to Mr. Bailey dated May 30, 2003, and June 30, 2003

Petition for Rule Change submitted by Mr. Bailey

Statements supporting the proposed rule change.

Mr. Panagiotu supports the proposal (letter attached).

At the June Commission meeting, a representative from Gasperetti's Distributing supported the proposal.

At the August meeting, representatives from Mr. Ed's and Gasperetti's Distributing testified in support of this petition.

Which licensees will be directly impacted?

Pull-Tab Operators.

What are the potential impacts to the agency?

It would be difficult to determine which businesses would require a license and which would not, and to determine if violations have occurred.

Staff recommendation.

Deny the Petition.